

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-106-C - ORDER NO. 94-883 *ve*
SEPTEMBER 2, 1994

IN RE: Application of Gateway Technologies, Inc.)
for a Certificate of Public Convenience)
and Necessity to Provide Intrastate)
Resale Inmate Telecommunication Services)
Within the State of South Carolina.)

ORDER
GRANTING
CERTIFICATE

This matter is before the Public Service Commission of South Carolina (the Commission) by way of the Application of Gateway Technologies, Inc. (Gateway) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold intrastate telecommunications service for the provision of inmate telecommunications services in the State of South Carolina. Gateway's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1992) and the Regulations of the South Carolina Public Service Commission.

The Commission's Executive Director instructed Gateway to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Phone Systems' Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Gateway complied with this instruction and provided the Commission with

proof of publication of the Notice of Filing. A Petition to Intervene was filed by Southern Bell Telephone and Telegraph Company (Southern Bell). Southern Bell subsequently filed a Motion to Withdraw Intervention, and Southern Bell did not participate in the scheduled hearing.

A hearing was commenced on Tuesday, August 16, 1994, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. Frank R. Ellerbe, III, Esquire, represented Gateway, and Florence P. Belser, Staff Counsel, represented the Commission Staff.

Gateway presented the testimony of Paul Wakefield, Senior Vice President of Marketing, in support of its Application. Mr. Wakefield explained Gateway's request to provide collect call telephone service at confinement facilities within South Carolina. According to Mr. Wakefield, Gateway provides correctional and confinement institutions with sophisticated premises equipment that permits inmates to make outgoing, collect-only calls without the assistance of a live operator. Mr. Wakefield testified that the system provides a number of controls and restrictions that serve to reduce or eliminate fraudulent use of telephone systems thereby providing the institution with increased control of the use of the telecommunications system and of the inmates.

Mr. Wakefield explained the billing process used by Gateway. Mr. Wakefield testified that called records are collected and processed by Gateway for billing purposes. According to the testimony, the collect calls made through Gateway systems are

billed and collected by the local exchange company serving the called party. Mr. Wakefield emphasized that the call party must actively accept the call for the call to be completed, processed and billed and that no charges apply if the called party does not accept the collect call. Mr. Wakefield also explained the handling of billing inquiries and customer complaints by Gateway.

Mr. Wakefield testified that Gateway currently possesses a Certificate to sell, vend, and install Coin or Coinless Telephones (COCOTS) in South Carolina. Additionally, Mr. Wakefield testified that Gateway wished to withdraw a tariff revision which would have allowed the billing of a premise owner surcharge.

According to its Application, Gateway is a privately-held corporation incorporated in the State of Texas and has authority to transact business as a foreign corporation in the State of South Carolina. Gateway asserts in its Application and through its testimony that it has the financial capability to provide the interexchange telecommunications services it desires in South Carolina. Also, according to its Application, Gateway intends to use LDDS/Metromedia as its underlying carrier in South Carolina.

At the close of the hearing, counsel for Gateway requested the Commission's waiver of COCOT guidelines sufficient to accommodate the provision of inmate calling services.

After full consideration of the applicable law and of the evidence presented by Gateway and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Gateway is incorporated under the laws of the State of Texas and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Gateway operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina by providing collect call capability to inmates of correctional and confinement institutions located in South Carolina.

3. Gateway has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Gateway to provide collect call capability to inmates of correctional or confinement institutions in South Carolina.

2. If Gateway incidentally or accidentally completes any intraLATA calls, other than those described above, or other than those originating from confinement facilities, the LEC shall be compensated by Gateway as ordered by the Commission in Order No. 86-793, issued August 5, 1986, in Docket No. 86-187-C.

3. The Commission adopts the rate design for Gateway for its resale services for interLATA calling which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with a flexibility for adjustment below the

maximum rate levels has been previously adopted by the Commission.
In Re: Application of GTE Sprint Communications Corporation, etc.,
Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).
With the below noted exceptions, the Commission adopts Gateway
proposed maximum rate tariff, as adjusted at the hearing, and
adopts the rates for provision of services to confinement
facilities.

4. Gateway shall not adjust its rates for interLATA calls
below the approved maximum level without notice to the Commission
and to the public. Gateway shall file its proposed rate changes,
publish its notice of such changes, and file affidavits of
publication with the Commission two weeks prior to the effective
date of the changes. A proposed increase in the maximum rate level
reflected in the tariff which would be applicable to the general
body of Gateway subscribers should constitute a general ratemaking
proceeding and will be treated in accordance with the notice and
hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1992).

5. For the provision of intrastate telecommunications
service, Gateway may only use underlying facility-based carriers
that are certified by this Commission to provide such service.
Gateway shall notify the Commission in writing of its underlying
carrier(s) and of any change in its carrier(s).

6. Gateway shall file its tariff and an accompanying price
list in a three ring notebook to reflect the Commission's findings
within thirty (30) days of the date of this Order. Gateway's
request to withdraw its tariff revision concerning a premise owner

surcharge is granted.

7. Gateway is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similar to facilities-based interexchange carriers.

8. The rates charged "0+" collect calls from confinement facilities on a local or intraLATA basis shall be no more than the rates charged by Southern Bell for local or intraLATA operated assisted calls at the time such call is completed.

9. The rates charged for "0+" collect calls from confinement facilities on an interLATA basis shall be no more than the rates charged for interLATA operator assisted calls by AT&T Communications at the time such call is completed.

10. The Applicant is required to brand all calls so that it is identified as the carrier of such calls to the called party.

11. A "0+" collect call should only be completed upon positive or affirmative acceptance of the charges from the called party. Passive acceptance is prohibited.

12. Call detail information submitted by Gateway to the LECs for billing must include the COCOT access line number assigned to the line by the local exchange company.

13. The bill provided to the called party should provide Gateway's name and a toll-free number for contacting Gateway concerning any billing or service questions.

14. Gateway shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No.

88-178, in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.


15. Gateway is granted a waiver of the Commission's guidelines pertaining to the provision of COCOT service to the extent necessary to accommodate the provisions of inmate calling services.

16. Southern Bell's Motion to Withdraw Intervention is granted.

17. A Certificate of Public Convenience and Necessity is hereby granted to Gateway in accordance with the terms and conditions of this Order.

18. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).